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7 FEB 1957

MEMORANDUM FOR: Inspector General

THROUGH: Deputy Director (Support)

SUBJECT: Equalization Allowances for Seven IO Division Staff Agents [REDACTED]

25X1A6a

REFERENCE: Memorandum from the Inspector General to Chief, Contract Personnel Division, dated 24 January 1957, Same Subject

1. With reference to paragraph 3 of your memorandum, it should be noted that the seven IO employees mentioned have been receiving small (class 1) equalization allowances in accordance with established Agency policy since 10 October 1955. Therefore, what is questioned is the present policy on the payment of equalization allowances rather than the administration thereof.

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2. Under paragraph 3 of [REDACTED] we have been unable to authorize these employees the type of equalization allowances requested by the IO Division. Sub-paragraph (1) of this section of the regulation sets forth the circumstance which warrants the payment of an equalization allowance in lieu of a standardized post allowance, and sub-paragraph (2) prescribes the basis on which such an allowance, if warranted, would be paid, namely, when living costs at the overseas post exceed living costs in Washington, D. C. And, in this latter connection, we have utilized the indices prepared by the Allowances Division of the Department of State for the use of United States industrial concerns having personnel assigned overseas.

3. The utilization of Washington, D. C. as a base for determining cost of living allowance payments to employees stationed overseas provides a uniform and fair standard for world-wide application of an

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allowance system. No other basis for our allowance structure will serve the same purpose.

4. There has been no claim that the individuals concerned in this case should be granted additional allowances based upon demonstrated need. We believe there should be a review of the allowances and benefits granted these employees to determine if there is a basis for adjustment other than comparison with employees under other cover arrangements. We are willing to make such a review and, if an inequity exists, will recommend appropriate adjustment. We shall request data for this purpose from the IO Division and, with their approval, will proceed with the review.

/s/ Gordon M. Stewart

Gordon M. Stewart  
Director of Personnel

CONCUR:

/s/ L. K. White  
Deputy Director (Support)

13 Feb 1957

25X1A9a OP/CPD/ [REDACTED] ja (6 February 1957)

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